

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA

v.

RICHARD W. WOOD
SYLVESTER KING

:
:
: CRIMINAL NO. _____
:
: DATE FILED: _____
:
: VIOLATIONS: 18 U.S.C. §371
: (Conspiracy to
: commit food
: stamp access
: device fraud -
: 1 count)
: 18 U.S.C. §1957
: (Money laundering -
: 1 count)
: 18 U.S.C. §1956
: (Money laundering -
: 9 counts)
: 7 U.S.C. §2024(b)
: (Food stamp fraud -
: 1 count)
: 7 U.S.C. §2024(h)
: (Food stamp
: forfeiture
: notice)
: 18 U.S.C. §982
: (Money laundering
: forfeiture
: notice)
: 18 U.S.C. §2
: (Aiding & abetting)

I N D I C T M E N T

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

THE FOOD STAMP PROGRAM

1. The United States Department of Agriculture (USDA), through its Food and Nutrition Service (FNS), administered the government's benefit program commonly known as the Food Stamp Program, which was intended to help persons of low income buy food to feed themselves and their families.

2. Under the Food Stamp Program, prior to 1998, persons deemed eligible to receive food stamps benefits were furnished a predetermined monthly dollar amount of food stamps coupons which were supposed to be used exclusively for the purpose of buying food.

3. In or about 1998, the food stamp coupons were replaced with access devices called Electronic Benefits Transfer (EBT) cards. An EBT card is a debit card. A recipient was issued a card with a personal identification number (PIN); a monthly predetermined dollar amount of food stamps benefits was electronically deposited into the recipient's account.

4. In Pennsylvania, Food Stamp Program benefits were distributed by the FNS through a mutual arrangement with the Commonwealth of Pennsylvania. The Commonwealth issued recipients EBT cards, known in Pennsylvania as Access Cards.

5. EBT cards had magnetic strips containing electronically coded information. A retail food establishment

authorized to accept food stamp benefits received electronic terminals, known as "point of sale" terminals, capable of reading the coded information on EBT cards. These terminals also initiated electronic transactions in which food stamps benefits were automatically deducted from the recipient's account and credited to the authorized retail establishment. Then, by electronic funds transfer, money in the amount of these food stamp benefits would be transferred from the United States Treasury into a bank account designated by the retail establishment.

6. Beneficiaries of the Food Stamp Program were not permitted to exchange coupons or EBT benefits for cash. The coupons and benefits could only be used for qualifying food purchases except where the change due back on the purchase of food was less than \$1.00.

THE DEFENDANTS

7. Defendant RICHARD W. WOOD ("WOOD") was the owner and operator of a small supermarket located at 2653 North 25th, Philadelphia, PA which conducted business under the name BEST FOR LESS SUPERMARKET ("BLS"). Defendant WOOD purchased BLS on or about March 1, 1996 from defendant SYLVESTER KING ("KING") for \$4,000 cash and a Cadillac automobile. Defendant KING, after selling BLS to defendant WOOD, continued to work at BLS as an

employee of defendant WOOD.

8. On or about March 1, 1996, defendant WOOD was authorized by the government to participate in the Food Stamp Program.

THE CONSPIRACY

9. From at least on or about March 1, 1996, to on or about December 31, 1999, at Philadelphia, in the Eastern District of Pennsylvania, the defendants

RICHARD L. WOOD
SYLVESTER KING

conspired and agreed together and with other persons known and unknown to the grand jury, to commit an offense against the United States, that is, to knowingly use food stamp coupons and access devices with a value of more than \$5,000 in a manner not authorized by Title 7, United States Code, Chapter 51 and the regulations issued pursuant thereto, in violation of Title 7, United States Code, Section 2024(b).

MANNER AND MEANS

It was part of the conspiracy that:

10. Defendants WOOD and KING paid cash to people who had received food stamps benefits in order to use their coupons and their EBT cards to steal money from the United States Food Stamp Program.

11. After defendant KING borrowed approximately \$2,000

from defendant WOOD and could not repay the debt, defendant KING agreed to illegally buy food stamps for cash to pay off the debt.

12. Defendants WOOD and KING, through BLS, illegally bought food stamp benefits for cash from people entitled to receive these benefits. The defendants bought food stamp benefits for approximately 70% of the face value of the benefits and received full value from the United States government.

13. Defendants WOOD and KING deposited food stamps into the BLS business bank accounts for full reimbursement by the USDA.

14. After the USDA switched to the EBT system, the defendants obtained electronic reimbursement from the USDA for the full amount of the benefits from the EBT cards and caused this money to be deposited into the business bank accounts of BLS.

15. From on or about March 1, 1996 through on or about December 31, 1999, defendants WOOD and KING deposited approximately \$3.3 million into BLS's bank accounts from the USDA as a result of their fraudulent food stamp and EBT access card purchases.

OVERT ACTS

In furtherance of the conspiracy the defendants, and others known and unknown to the grand jury, committed the

following overt acts in the Eastern District of Pennsylvania:

16. From on or about March 6, 1996 through on or about December 31, 1996, defendant WOOD deposited approximately \$634,116.00 in food stamps into BLS's business bank accounts. Cash withdrawals from these accounts during the same time period totaled approximately \$331,910.29.

17. From on or about January 1, 1997 through on or about December 31, 1997, defendant WOOD deposited approximately \$700,142.16 in food stamps into BLS's business bank accounts. Cash withdrawals during the same time period totaled approximately \$578,350.92.

18. On or about April 13, 1997, defendant KING illegally purchased \$360 in food stamp benefits from a cooperating witness for \$260.

19. On or about May 6, 1997, defendant KING illegally purchased \$300 in food stamps benefits from a cooperating witness for \$240.

20. On or about May 12, 1997, defendant KING illegally purchased \$300 in food stamps benefits from a cooperating witness for \$200.

21. On or about May 13, 1997, defendants KING and WOOD illegally purchased \$1,830 in food stamps benefits from a cooperating witness for \$1,465.

22. On or about June 5, 1997, defendant WOOD illegally purchased \$1,435 in food stamps benefits from a cooperating witness for \$960.

23. On or about June 7, 1997, defendant WOOD illegally purchased \$1,810 in food stamp benefits from a cooperating witness for \$715.

24. From on or about January 1, 1998 through on or about December 31, 1998, defendant WOOD caused to be deposited approximately \$959,890.70 in food stamps into BLS's business bank accounts. Cash withdrawals from the accounts during the same time period totaled approximately \$893,196.39.

25. On or about July 23, 1998, using approximately \$13,000 realized from the illegal redemption of food stamp benefits, defendant WOOD wrote check # 113 on one of BLS's accounts, made payable to Winner Lincoln Mercury, as a down payment on a vehicle which defendant WOOD used to travel between BLS and the banks where he deposited funds received from illegal conversion of food stamp coupons and food stamp access card benefits.

26. From on or about January 1, 1999 through on or about December 31, 1999, defendant WOOD caused to be deposited approximately \$1,006,138.18 in food stamp deposits into BLS's business bank accounts. Cash withdrawals from the account during

the same time period totaled approximately \$795,601.00.

27. On or about February 11, 1999, defendant WOOD withdrew \$9,775 in cash from BLS's bank accounts by cashing check # 1363.

28. On or about February 25, 1999, defendant WOOD withdrew \$9,800 in cash from BLS's bank accounts by cashing check # 1374.

29. On or about March 3, 1999, defendant WOOD withdrew \$9,675 in cash from BLS's bank accounts by cashing check # 1355.

30. On or about March 6, 1999, defendant WOOD withdrew \$9,500 in cash from BLS's bank accounts by cashing check # 1389.

31. On or about March 9, 1999, defendant WOOD withdrew \$9,300 in cash from BLS's bank accounts by cashing check # 1391.

32. On or about March 10, 1999, defendant WOOD withdrew \$8,651 in cash from BLS's bank accounts by cashing check # 1395.

33. On or about March 18, 1999, defendant WOOD withdrew \$7,020 in cash from BLS's bank accounts by cashing check # 1400.

34. On or about March 22, 1999, defendant WOOD withdrew \$9,875 in cash from BLS's bank accounts by cashing check # 1402.

35. On or about March 31, 1999, defendant WOOD withdrew \$9,870 in cash from BLS's bank accounts by cashing check # 1410.

36. On or about April 13, 1999, defendant WOOD purchased \$90.00 in food stamps benefits from a cooperating witness for \$65.00.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8, and 10 through 25 of Count One are incorporated here.

2. On or about July 23, 1998, in the Eastern District of Pennsylvania, defendant

RICHARD W. WOOD

knowingly engaged in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer of a monetary instrument in the amount of \$13,000, such property having derived from a specified unlawful activity, that is, felony food stamp access device fraud in violation of Title 7, United States Code, Section 2024(b).

In violation of Title 18, United States Codes, Section 1957.

COUNTS THREE THROUGH ELEVEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8, and 10 through 15 and 26 through 36 of Count One are incorporated here.

2. At all times material to this indictment, BLS had a business bank account at First Union Bank.

3. On or about the dates specified below, in the Eastern District of Pennsylvania, defendant

RICHARD W. WOOD

knowingly conducted the following financial transactions affecting interstate commerce, that is, cash withdrawals from the BLS First Union account, as described below:

COUNT	DATE	NATURE AND APPROXIMATE AMOUNT OF WITHDRAWAL
3	February 3, 1999	Cash withdrawal in the amount of \$9,675/Check # 1355
4	February 11, 1999	Cash withdrawal in the amount of \$9,775/Check #1363
5	February 25, 1999	Cash withdrawal in the amount of \$9,800/Check # 1374
6	March 6, 1999	Cash withdrawal in the amount of \$9,500/Check # 1389
7	March 9, 1999	Cash withdrawal in the amount of \$9,300/Check # 1391
8	March 10, 1999	Cash withdrawal in the amount of \$8,651/Check # 1395
9	March 18, 1999	Cash withdrawal in the amount of \$7,020/Check # 1400
10	March 22, 1999	Cash withdrawal in the amount of \$9,875/Check # 1402

11	March 31, 1999	Cash withdrawal in the amount of \$9,870/Check # 1410
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4. When conducting the financial transactions described in paragraph 3 above, defendant RICHARD W. WOOD knew that the money involved in each financial transaction represented the proceeds of some form of illegal activity.

5. Each financial transaction described in paragraph 3 above involved the proceeds of a specified unlawful activity, that is, felony food stamp access device fraud in violation of Title 7, United States Code, Section 2024(b), and defendant RICHARD W. WOOD conducted these transactions with the intent to promote the carrying on of the specified unlawful activity.

All in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

COUNT TWELVE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8, and 10 through 15, and 26 through 36 of Count One are incorporated here.

2. From on or about January 1, 1999 through on or about December 31, 1999, at Philadelphia, in the Eastern District of Pennsylvania, defendant

RICHARD WOOD

knowingly presented, and aided, abetted, and willfully caused to be presented, food stamp access card benefits for payment and redemption of a face value of \$5,000 or more, that is, approximately \$1,006,138.19, knowing that the food stamp access card benefits had been received, transferred and used in a manner not authorized by Title 7, United States Code, Chapter 51 (Food Stamp Program) and the regulations promulgated pursuant thereto at Title 7, Code of Federal Regulations, Sections 271 to 285.

In violation of Title 7, United States Code, Section 2024(b) and Title 18, United States Code, Section 2.

NOTICE OF FORFEITURE

(FOOD STAMP FRAUD/MONEY LAUNDERING FORFEITURE)

1. As a result of the violations of Title 7, United States Code, Section 2024(b), and Title 18, United States Code, Sections 1956 and 1957, set forth in this Indictment, defendants

RICHARD W. WOOD
SYLVESTER KING

shall forfeit to the United States, all property, real or personal, involved in the commission of these offenses, and all property traceable to such property, including, but not limited to the following:

(a) the sum deposited into Midlantic, PNC and First Union Banks in account numbers 84-0127-1000, 2014168215527 and 2030000328129 in the name of BEST FOR LESS Supermarket, that is approximately \$3,315,040.76.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred to or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the Court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be subdivided without difficulty; it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to 18, United States Code, Section 982(a)(1) and (b)(1).

A TRUE BILL:

FOREPERSON

PATRICK L. MEEHAN
United States Attorney